GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:395
ANSWERED ON:24.11.2005
PRICE STABILIZATION FUND
Radhakrishnan Shri Varkala

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the amount collected till March 2005 towards cess levied on public sector oil companies on indigenous crude produced by them as per the Oil Industry (Development) Act, 1974 and the amount utilized/given to oil sector from this fund;

(b) whether the Government has received any alternate proposal to utilize this fund as Price Stabilization Fund to absorb the fluctuations in the global oil price;

(c) if so, the details thereof; and

(d) the reaction of the Government thereto?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): The amount collected till March 2005 towards cess levied on public sector oil companies on indigenous crude produced by them, as per the Oil Industry (Development) Act, 1947, is Rs.55,967 crore, of which Rs.902.40 crore has been paid to OIDB till date. The OIDB has provided grants of Rs.754 crore and loan assistance of Rs.18,394 crore to the oil companies.

(b) to (d): Yes, Sir. The Standing Committee on Petroleum & Natural Gas has recommended that a Price Stabilization Fund should be created by using the money collected from cess on crude oil to bring in stabilization in the prices of petroleum products. The recommendation of the Committee was examined by this Ministry in consultation with Ministry of Finance and other concerned Departments. However, as advised by the Ministry of Finance, revenues accruing from the cess on domestic crude oil are already over- committed for various purposes under the OIDB Act including the fertilizer subsidy. As such it was not found feasible to pursue the proposal.